

The Commonwealth of Massachusetts

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ANNUAL REPORT

OF THE

BUREAU OF LOAN AGENCIES

FOR THE

Year Ended December 31, 1962

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF BANKS AND LOAN AGENCIES

JOHN B. HYNES
COMMISSIONER OF BANKS



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The Commonwealth of Massachusetts

BUREAU OF LOAN AGENCIES

FOURTH FLOOR, 150 CAUSEWAY STREET, BOSTON

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 1962

(Pursuant to Provisions of Section 98 of General Laws, (Ter. Ed.)
Chapter 140)

*To the Honorable Senate and House of Representatives
of the Commonwealth of Massachusetts:*

General Laws, Chapter 140, Section 98, requires that "The Commissioner shall make an annual report and shall forward therewith a copy of such returns or so much thereof as he may deem necessary."

The figures contained herein were compiled, as usual, by the process of adding together the individual reports filed by each licensee. These reports are executed on a form and in a manner prescribed by the division; however, the figures are those of the industry and reflect *at least* their gross and net income. The division vouches for the process of addition, the process by which the additions were arrived at following their filing—as the industry guarantees their accuracy and reliability as they were inserted in the individual reports. In some cases, as always, the reports were adjusted where they obviously were not executed in accordance with the instructions. In all such cases the licensee was notified and concurred with the changes.

The small loans ceiling was raised by legislation from \$1,500 to \$3,000 as of October 25, 1962. This report reflects loans made between \$1,500 and \$3,000 since the effective date of this legislation. The calendar year ending December 31, 1963 will yield the first full year's operation under the new ceiling.

As of December 31, 1962, there were three hundred and thirty-five small loan licenses outstanding.

During the calendar year, 1962, 322,034 loans of \$1,500 or less amounting to \$163,631,728.03, which is less unearned charges, were made. In addition, 2,913 loans between \$1,500 and \$3,000 amounting to \$5,477,858.31, which is less unearned charges, were made since October 25, 1962 which combine to make a total of 324,947 regulated loans amounting to \$169,109,586.34.

On December 31, 1962, there were 303,546 regulated loans of \$3,000 or less outstanding with a face value of \$158,863,077.18, which includes unearned charges amounting to \$26,773,743.36.

Gross income for the period totaled \$32,065,224.59 of which \$169,236.20 represents recoveries on loans previously charged off and \$246,239.00 represents other income. Operating expenses aggregating \$13,619,748.21 include \$2,112,948.57 of home office expenses; charge-offs on bad debts amounting to \$440,786.34 and addition of \$1,788,883.74 to the valuation reserve combine to make a total expense of \$15,849,418.29, which deducted from gross income, leaves a balance of \$16,215,806.30, representing net earnings before deductions of interest on borrowed funds and federal income taxes. A net earnings figure of \$5,907,115.72 remains after deducting interest on borrowed funds amounting to \$4,499,595.34 and federal income taxes amounting to \$5,809,095.24.

As of December 31, 1962, the book assets amounted to \$141,489,404.12. The cash in office and in banks amounted to \$2,921,912.60 which includes \$919,513.79 in compensating balances. Home Office assets allocated to Massachusetts licensees consists of cash of \$5,425,055.37 and other assets of \$895,259.97 making a total of \$6,320,315.34. Compensating balances included in the allocation amount to \$4,638,893.69, which when totaled will produce compensating balances of \$5,558,407.48. Total assets as shown in Schedule A less compensating balances, produce assets of \$135,930,996.64.

This Bureau does not consider compensating balances to be assets, and they are here used as a deduction of the liability.

The figures included in the following schedules are compiled from Annual Reports to the Supervisor of Loan Agencies as represented by all licensed lenders.

The report of the American Discount Corporation, License Number 206, was not used in the compilation of these figures due to unusual and extraordinary circumstances.

All common assets and expense accounts are allocated on a formula established by this Bureau.

Respectfully submitted,

/s/ MARTIN J. HANLEY

*Supervisor of Loan Agencies
and Deputy Commissioner*

Approved:

/s/ JOHN B. HYNES

Commissioner of Banks

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The Commonwealth of Massachusetts

ANNUAL REPORT TO SUPERVISOR OF LOAN AGENCIES

FOR THE YEAR ENDED DECEMBER 31, 1962

(General Laws, Chapter 140, Section 98)

EXHIBIT A

COMPOSITE STATEMENT OF ASSETS, DECEMBER 31, 1962

* (Loan Business of \$3,000 or Less)

LICENSED AGENCIES
335

Receivables:

(a) Gross Amount	\$158,863,077.18
(b) Less: Unearned Charges	(26,773,743.36)
(c) Less: Allowance for Bad Debts	(4,127,328.92)
(d) Net Receivables	\$127,962,004.90
Cash in Office and in Banks	2,921,912.60
Real Estate (Less Allowance for Depreciation-Bldg.)	191,721.91
Furniture, Fixtures, Equipment (Less Allowance for Depreciation)	1,067,860.76
Deferred Charges or Prepaid Expense	163,175.63

Other Assets:

(a) Organization or Development Expense	\$ 222,540.98	
(b) Cost of Financing	20,436.36	
(c) Investments	1,566,404.78	
(d) Miscellaneous Notes and Accounts Receivable	759,262.95	
(e) Miscellaneous	293,767.91	2,862,412.98

Total Assets	<u>\$135,169,088.78</u>
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Home Office Assets Allocated to Massachusetts Licensees	<u>6,320,315.34</u>
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Total	<u>\$141,489,404.12</u>
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Compensating Balances Included in Cash	\$ 919,513.79
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Compensating Balances Included in Home Office Assets Allocated to Massachusetts Licensees	4,638,893.69
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Total Compensating Balances Included in Assets	<u>\$ 5,558,407.48</u>
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* The small loans ceiling was raised by legislation from \$1,500 to \$3,000 as of October 25, 1962. This exhibit reflects loans made between \$1,500 and \$3,000 since the effective date of this legislation.

EXHIBIT B

COMPOSITE STATEMENT OF INCOME AND EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 1962

* (Loan Business of \$3,000 or Less)

<i>Gross Income</i>	
Charges Collected and/or Earned	\$30,718,137.06
Delinquency Charges Collected	931,612.33
Collections on Accounts Previously Charged Off	169,236.20
Other Income:	
(a) Gain on Sale of Assets	9,618.38
(b) Income from Investments	7,435.01
(c) Miscellaneous	229,185.61
Total Gross Income	<u>\$32,065,224.59</u>
<i>Expenses of Conducting Business</i>	
Advertising	\$ 993,112.48
Auditing	79,867.57
Bad Debts:	
(a) Charged Off	\$ 440,786.34
(b) Addition to Reserve	<u>1,788,883.74</u>
Depreciation of Furniture, Fixtures and Equipment	268,853.03
Recording and Acknowledging Fees	5,489.72
Insurance and Fidelity Bonds	80,603.26
Legal Fees and Disbursements	229,197.94
Postage and Express	199,554.18
Printing, Stationery and Supplies	210,259.17
Rent	990,772.45
Salaries	5,494,375.63
Supervision and Administration	417,526.98
Taxes (Excluding Federal Taxes on Income):	
(a) State Income	\$ 379,746.45
(b) License Fees	119,879.17
(c) All Other Taxes	<u>322,992.85</u>
Telephone and Telegraph	652,308.70
Travel	279,972.23
Other Expenses of Conducting Business	782,287.83
Total	<u>\$13,736,469.72</u>
Total Home Office Expenses	2,112,948.57
Interest on Borrowed Funds	4,499,595.34
Total Expenses	<u>\$20,349,013.63</u>
Net Earnings Before Federal Income Taxes	<u>\$11,716,210.96</u>
Federal Income Taxes Paid or Accrued During the Calendar Year	\$ 5,809,095.24
Total Expenses After Income Taxes	<u>\$26,158,108.87</u>
Net Earnings After Income Taxes and Interest on Borrowed Funds	<u>\$ 5,907,115.72</u>

* The small loans ceiling was raised by legislation from \$1,500 to \$3,000 as of October 25, 1962. This exhibit reflects loans made between \$1,500 and \$3,000 since the effective date of this legislation.

EXHIBIT C

ANALYSIS OF LOANS BY SIZE

* (Loans of \$3,000 or Less)

	Number	Amount
Total Loan Balances Outstanding (Less Unearned Charges) at Beginning of Period	296,557	\$119,653,310.17
Loans Made During the Period:		
(a) Loans of \$100.00 or Less	10,092	690,049.40
(b) Loans of \$100.01 to \$200.00	45,112	6,322,413.23
(c) Loans of \$200.01 to \$300.00	44,219	10,774,423.57
(d) Loans of \$300.01 to \$400.00	42,855	14,520,829.55
(e) Loans of \$400.01 to \$500.00	38,382	17,090,995.46
(f) Loans of \$500.01 to \$600.00	35,511	19,217,392.67
(g) Loans of \$600.01 to \$1,000.00	70,295	53,011,601.09
(h) Loans of \$1,000.01 to \$1,500.00	35,568	42,004,023.06
(i) Loans of \$1,500.01 to \$3,000.00	2,913	5,477,858.31
Total Loans Made During the Period	324,947	\$169,109,586.34
Loan Balances Purchased During the Period	7,355	2,970,780.63
Loan Balances Sold During the Period	6,784	2,681,857.78
Loan Balances Charged Off During the Period	6,489	1,907,158.57
Collections During the Period	—	155,055,326.97
Total Loan Balances Outstanding (Less Unearned Charges) at End of Period	303,546	\$132,089,333.82

EXHIBIT D

ANALYSIS OF LOANS BY TYPES OF SECURITY

* (Loans of \$3,000 or Less)

	Number	Amount
Loans Made During the Period Based in Whole or in Larger Part on:		
(a) Chattel Mortgages on Household Goods	140,445	\$ 95,801,254.65
(b) Automobiles	20,828	12,722,191.27
(c) Real Estate	305	385,078.09
(d) Other Chattels	3,453	2,653,050.42
(e) Unsecured Notes	149,804	52,678,118.89
(f) Endorsed and/or Co-Maker Notes	9,543	4,338,183.79
(g) Wage Assignments	26	27,298.66
(h) Other Considerations	543	504,410.57
Total	324,947	\$169,109,586.34

* The small loans ceiling was raised by legislation from \$1,500 to \$3,000 as of October 25, 1962. These exhibits reflect loans made between \$1,500 and \$3,000 since the effective date of this legislation.

EXHIBIT E

SUITS, POSSESSIONS AND SALE OF CHATTELS

* (Loans of \$3,000 or Less)

	<i>Number</i>	<i>Amount Due</i>
Suits for Recovery:		
(a) Pending at Close of Previous Period	1,528	\$ 545,974.99
(b) Instituted During Period	2,106	942,293.71
(c) Total	3,634	\$1,488,268.70
(d) Judgment Secured During Period	1,115	473,129.09
(e) Settled Before Judgment During Period	526	213,091.86
(f) Total	1,641	\$ 686,220.95
(g) Pending at Close of Current Period	1,993	\$ 802,047.75
Wage Assignments Filed During Period	130	\$ 58,318.15
Possession of Chattels Obtained by Licensee:		
(a) By Legal Process or Contract Right:		
(1) Household Goods	4	\$ 2,083.93
(2) Automobiles	49	\$ 34,154.84
(3) Other Chattels and Property	6	\$ 4,185.74
(b) By Voluntary Surrender:		
(1) Household Goods	10	\$ 7,763.46
(2) Automobiles	66	\$ 46,677.33
(3) Other Chattels and Property	11	\$ 4,861.17
Sale of Chattels by Licensee:		
	<i>Number</i>	<i>Amount Due</i>
(a) With Borrower's Consent	74	\$42,934.88
(b) Without Borrower's Consent	31	\$28,016.54
		<i>Amount Collected</i>
		\$14,849.22
		\$ 9,447.11

* The small loans ceiling was raised by legislation from \$1,500 to \$3,000 as of October 25, 1962. This exhibit reflects loans made between \$1,500 and \$3,000 since the effective date of this legislation.

EXHIBIT F

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION, DECEMBER 31, 1962
(Total Loan and Finance Business)

ASSETS	
Receivables:	
(a) Gross Amount	\$192,016,112.18
(b) Less: Unearned Charges	(30,194,847.20)
(c) Less: Allowance for Bad Debts	(4,997,064.92)
(d) Net Receivables	<u>\$156,824,200.06</u>
Cash in Office and in Banks	4,673,070.52
Real Estate (Less Allowance for Depreciation-Bldg.)	337,305.40
Furniture, Fixtures, Equipment (Less Allowance for Depreciation)	1,288,240.42
Deferred Charges or Prepaid Expense	<u>238,447.87</u>
Other Assets:	
(a) Organization or Development Expense	\$ 276,782.91
(b) Cost of Financing	44,085.32
(c) Investments	3,011,525.23
(d) Miscellaneous Notes and Accounts Receivable	1,204,815.36
(e) Miscellaneous	<u>378,652.54</u>
Total Assets	<u><u>\$168,277,125.63</u></u>
Home Office Assets Allocated to Massachusetts Licensees	<u>7,071,984.72</u>
Total	<u><u>\$175,349,110.35</u></u>

LIABILITIES AND CAPITAL	
Accounts and Notes Payable:	
(a) Banks	\$11,155,985.81
(b) Due to Parent Company or Affiliate	48,965,261.79
(c) Other Short Term Notes and Accounts	<u>3,315,421.91</u>
Bonds	3,393,891.02
Long Term Notes	6,247,317.76
Treasury Certificates	<u>2,477,157.75</u>
Other Liabilities:	
(a) Accrued Expenses	537,296.25
(b) Other Expense Reserves	<u>2,448,049.33</u>
Branch Office Capital	59,896,170.82
Net Worth (If Individual or Partnership)	115,683.04
Capital Stock (If Corporation):	
(a) Preferred	3,230,070.33
(b) Common	<u>9,944,479.99</u>
Paid in Surplus	4,011,054.05
Appropriated Surplus or Capital Reserves	509,802.97
Retained Earnings	<u>12,029,482.81</u>
Total Liabilities and Capital	<u><u>\$168,277,125.63</u></u>
Compensating Balances Included in Cash	\$ 1,737,786.35
Compensating Balances Included in Home Office Assets Allocated to Massachusetts Licensees	<u>5,219,348.18</u>
Total Compensating Balances Included in Assets	<u><u>\$ 6,957,134.53</u></u>

EXHIBIT G

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 1962

(Total Loan and Finance Business)

<i>Gross Income</i>	
Charges Collected and/or Earned	\$35,871,312.52
Delinquency Charges Collected	1,058,428.63
Collections on Accounts Previously Charged Off	233,155.68
Other Income:	
(a) Gain on Sale of Assets	23,836.02
(b) Income from Investments	37,608.41
(c) Miscellaneous	363,864.87
Total Gross Income	<u>\$37,588,206.13</u>
<i>Expenses of Conducting Business</i>	
Advertising	\$ 1,084,020.61
Auditing	118,642.62
Bad Debts:	
(a) Charged Off	\$ 519,857.34
(b) Addition to Reserve	2,481,547.73
Depreciation of Furniture, Fixtures and Equipment	326,240.21
Recording and Acknowledging Fees	11,828.24
Insurance and Fidelity Bonds	114,820.49
Legal Fees and Disbursements	284,045.64
Postage and Express	238,151.89
Printing, Stationery and Supplies	270,115.34
Rent	1,137,867.80
Salaries	6,683,862.39
Supervision and Administration	550,328.78
Taxes (Excluding Federal Taxes on Income):	
(a) State Income	465,227.87
(b) License Fees	123,800.06
(c) All Other Taxes	378,020.69
Telephone and Telegraph	773,345.95
Travel	356,621.53
Other Expenses of Conducting Business	1,030,897.91
Total	<u>\$16,949,243.09</u>
Total Home Office Expenses	2,275,189.57
Interest on Borrowed Funds	5,641,560.78
Total Expenses	<u>\$24,865,993.44</u>
Net Earnings Before Federal Income Taxes	<u>\$12,722,212.69</u>
Federal Income Taxes Paid or Accrued During the Calendar Year	\$ 6,455,277.55
Total Expenses After Income Taxes	<u>\$31,321,270.99</u>
Net Earnings After Income Taxes and Interest on Borrowed Funds	<u>\$ 6,266,935.14</u>